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Attorneys for Valley Utilities Water Co., Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF VALLEY UTILITIES WATER
COMPANY, INC. FOR AN INCREASE IN
ITS WATER RATES FOR CUSTOMERS
WITHIN MARICOPA COUNTY,
ARIZONA.

DOCKET NO. W-01412A-04-0736

IN THE MATTER OF THE APPLICATION
OF VALLEY UTILITIES WATER
COMPANY, INC. FOR AUTHORITY TO
ISSUE PROMISSORY NOTE(S) AND
OTHER EVIDENCES OF
INDEBTEDNESS PAYABLE AT
PERIODS OF MORE THAN TWELVE
MONTHS AFTER THE DATE OF
ISSUANCE.

DOCKET NO. W-01412A-04-0849

**NOTICE OF FILING
COMPLIANCE WITH DECISION
NO. 70956**

Pursuant to Decision No. 70956 (April 7, 2009), Valley Utilities Water Company, Inc. ("Valley Utilities") hereby files the Notice of Compliance in the above-referenced dockets. In its order, the Arizona Corporation Commission required Valley Utilities to file an accounting report ("Report") of all monies utilized by the Company from its Set-Aside account authorized in Decision No. 62908 (September 18, 2000), within thirty (30) days of the decision. Attached hereto as Exhibit 1 is the Report that details how the funds were used, to whom the money was paid and for what purpose, for the period beginning September 2003 to the present.

Arizona Corporation Commission
DOCKETED

MAY -7 2009

DOCKETED BY

1 RESPECTFULLY SUBMITTED this 7th day of May, 2009.

2 FENNEMORE CRAIG, P.C.

3
4 By: 

Patrick J. Black

Attorneys for Valley Utilities Water Company, Inc.

5
6
7 **ORIGINAL** and **15 copies**
8 of the foregoing **FILED** this
7th day of May, 2009 with:

9 Docket Control
10 ARIZONA CORPORATION COMMISSION
11 1200 West Washington Street
Phoenix, AZ 85007

12 **COPY** of the foregoing was
13 **HAND-DELIVERED** this
7th day of May, 2009 to:

14 Teena Wolfe
15 Hearing Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

17 Kevin Torrey
18 Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

20 Ernest Johnson, Director
21 Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

23
24 By: 
25 2193922.1/24964.001
26

EXHIBIT

1

SET-ASIDE ACCOUNTING – COMPLIANCE STATUS REPORT

Decision No. 70956 (April 7, 2009)

[Executive Summary]

Enclosed herewith is the detailed accounting report ("Report") ordered to be filed with the Arizona Corporation Commission in Decision No. 70956 (April 7, 2009). The Report provides information concerning Set-Aside funds utilized by Valley Utilities Water Company, Inc. ("Valley Utilities" or "Company") from September 2003 to the present to pay Company expenses. As stated by the Company during the hearing in this matter, money was withdrawn from the Set-Aside account to pay certain expenses when monthly revenues were insufficient to meet operating expenses. Valley Utilities not only withdrew funds from the Set-Aside account, but re-deposited funds when such funds were available. This Report only identifies each withdrawal, the exact amount, the purpose of the withdrawal and the payee.

Valley Utilities did not make payments directly from the Set-Aside account (a savings account), but rather transferred the funds to its operating account (a checking account) in order to make the payments identified. Therefore, the amount transferred at times does not exactly match the amount that was paid from the operating account. In these instances, the remainder of the balance stayed in the operating account to pay future expenses. For instance, on 2/10/05, the Company transferred \$10,000.00 from its Set-Aside Account to its operating account to meet payroll expenses, which totaled \$9,950.83. The remainder, or \$49.17, was left in the operating account.

Finally, some of the entries are self-explanatory. However, some payments require a short explanation for clarification:

10/15/03 – Line X Savings Account

This account was established as a savings account to meet annual AIAC refund obligations on line extension agreements.

11/17/03 – Cardmember Services

This refers to the Company's business VISA card, and the \$2,351.67 payment is broken down as follows:

-	Vehicle expense (gas)	= \$1,105.49
-	Computer	= \$128.28
-	Meals	= \$212.57
-	Office supplies	= \$296.39
-	Tools	= \$158.59
-	Materials/supplies	= \$105.05
-	Group Insurance	= \$128.65

-	Telephone bill	= \$21.65
-	Education	= \$60.00
-	Misc. benefits	= \$135.00

1/14/05 - Arsenic Remediation Coalition, LLC

The Arsenic Remediation Coalition was a group of water companies that were out of compliance with the new MCL for arsenic. The group was formed by members of the WUAA, and acted as a forum for vendor fairs, engineer Q&As and RFPs that could be used by member companies, and enjoyed broad support from the Commission and Staff. The \$5,000 in dues paid was a one-time payment.

4/26/06 – Health Insurance Stipends

These stipends were provided to employees prior to the Company obtaining small group health insurance for its employees.

4/26/06 – Space Rental and MABS Plant Site location

This payment was made in error, and was eventually refunded to the Company by the Princes. Please also see Valley Utilities' response to Staff Data Requests GTM 2.4 and GTM 2.5 in the current rate case application.

5/8/06 – Cardmember Services

At the time, the Company's VISA business credit card was linked to its operating account as overdraft protection. Payroll for the preceding month exceeded the amount in the operating account by \$9,200.00, which was then paid back to the credit card due to the overdraft.

<u>Date</u>	<u>Withdraw</u> <u>Amount</u>	<u>Payee</u>	<u>Exact Amount</u> <u>Paid to Payee</u>	<u>Purpose of Payment</u>
10/9/2003	\$ 10,000.00	VUWCO Employees	\$9,918.38	Payroll
		Automatic Data Processing	\$ 82.56	Payroll Services
10/15/2003	\$ 12,000.00	Line X Savings Account	\$ 12,000.00	Funds used to open Line X Savings Account
11/17/2003	\$ 10,000.00	Aerotech Labs, INC.	\$ 75.00	Water sampling--5 samples testing for Coliform/E.Coli-Colilert
		Robert L. Prince	\$ 539.00	Health Insurance Premium
		Cox Communications	\$ 39.60	High Speed Data Services
		Robert L. Prince	\$ 1,035.00	Vehicle Rent Payment
		Viking	\$ 102.92	Printable VUWCO checks
		Palo Verde Rentals	\$ 569.87	Equipment Rental
		American Water Works Association	\$ 114.00	2004 Membership
		Galic Life Division	\$ 227.44	Life Insurance Premium
		Cardmember Services	\$ 2,351.67	computer expense, vehicle exp., meal exp., office exp., tools, materials/supplies, group insurance exp., telephone exp., misc. benefit exp., education exp.
		Midland National Insurance	\$ 1,578.88	Life Insurance Premium
		Midland National Insurance	\$ 125.45	Life Insurance Premium
		Postmaster	\$ 120.00	October 2003 past due billing
		Total	\$ 6,878.83	
4/2/2004	\$ 20,000.00	Westside Waterworks	\$ 20,000.00	Repair & Maintenance
5/2/2004	\$ 5,000.00	VUWCO Employees	\$ 9,941.39	Payroll
		Automatic Data Processing	\$ 75.56	Payroll Services
5/12/2004	\$ 510.00	Coe & Van Loo	\$ 510.00	WIFA Project engineering invoice
6/9/2004	\$ 2,871.49	Coe & Van Loo	\$ 2,871.49	WIFA Project engineering invoice

1/14/2005	\$	5,000.00	Arsenic Remediation Coalition, LLC	\$	5,000.00	ARC Dues
2/10/2005	\$	10,000.00	VUWCO Employees	\$	9,885.56	Payroll
			Automatic Data Processing	\$	65.27	Payroll Services
3/11/2005	\$	10,000.00	VUWCO Employees	\$	9,835.10	Payroll
			Automatic Data Processing	\$	65.27	Payroll Services
			Arizona Department of Revenue	\$	2,150.00	2004 Arizona State Income Taxes
3/28/2005	\$	20,000.00	The Arizona Group	\$	16,270.00	General Liability Insurance
			Weber Group	\$	2,335.00	Well Repair-#4 Well
4/6/2005	\$	10,000.00	VUWCO Employees	\$	9,819.20	Payroll
			Automatic Data Processing	\$	72.27	Payroll Services
7/1/2005	\$	119.00	Sallquist, Drummond & O'Connor, P.C.	\$	119.00	Attorney statement for services on WIFA loan closing
10/18/2005	\$	265.58	Coe & Van Loo	\$	265.58	WIFA Project engineering invoice
11/16/2005	\$	323.75	Coe & Van Loo	\$	323.75	WIFA Project engineering invoice
12/27/2005	\$	565.35	Coe & Van Loo	\$	565.35	WIFA Project engineering invoice
12/27/2005	\$	38.57	Coe & Van Loo	\$	38.57	WIFA Project engineering invoice

4/26/2006	\$	51,000.00	VUWCO Employees	\$	12,809.51
			Automatic Data Processing	\$	76.29
			Maricopa County Treasurer	\$	16,472.10
			Bingham Equipment Rental	\$	2,549.07
			Barbara Prince	\$	510.00
			Scott Keith	\$	400.00
			Pauline Garcia	\$	317.00
			Lisa Mycke	\$	915.00
			NASE	\$	496.00
			Sallquist, Drummond & O'Connor, P.C.	\$	901.00
			Robert L. Prince	\$	2,870.00
			APS	\$	8,831.86
			Ullmann & Company	\$	2,803.00
			Total	\$	49,950.83

Payroll
Payroll Services
1st Half Property Taxes
Tractor rental on LPSCO tie in
Health Insurance Stipend
Health Insurance Stipend
Health Insurance Stipend
Health Insurance Stipend & Salary Increase
Health Insurance Premium
Shop space rental & MABS plant site location rental
Purchased power for March 06

5/8/2006	\$	9,200.00	Cardmember Services	\$	9,200.00
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Overdraft Protection

6/14/2007	\$	24,579.91	Ram Pipelines	\$	23,459.60
			Robert L. Prince	\$	1,000.00

LPSCO tie in
MABS plant site location rental

7/31/2007	\$	10,464.34	Ferguson Waterworks	\$	10,464.34
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LPSCO tie in
